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FM AMEMBASSY KABUL
TO RUEHC/SECSTATE WASHDC PRIORITY 9485
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC 0822
RUCNAFG/AFGHANISTAN COLLECTIVE
RUEHZG/NATO EU COLLECTIVE
RUEABND/DEA HQS WASHINGTON DC
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC
RUEHBU/AMEMBASSY BUENOS AIRES 0109

UNCLAS KABUL 001544

DEPT FOR SRAP, SCA/FO, SCA/RA, AND SCA/A
DEPT PASS FOR AID/ANE
DEPT PASS USTR FOR DELANEY AND DEANGELIS
DEPT PASS OPIC
DEPT PASS FOR TDA FOR STEIN AND GREENIP
USOECF FOR ENERGY ATTACHE
CENTCOM FOR CSTC-A
NSC FOR JWOOD
TREASURY FOR MHIRSON, ABAUKOL, AWELLER, AND MNUGENT
COMMERCE FOR HAMROCK-MANN, DEES, AND FONOVICH

SENSITIVE

SIPDIS

E.O. 12958 N/A

TAGS: [ETRD](#) [AF](#) [PK](#)

SUBJECT: Afghan Commerce Minister on Upcoming Af-Pak Transit Trade Negotiations

¶1. (SBU) Afghan Commerce Minister Shahrani told EconCouns June 16 that Afghanistan will take a positive, constructive approach in negotiations with Pakistan on a new Af-Pak Transit Trade agreement (APTA), starting June 23. Shahrani noted the GOP's extensive objections to the draft agreement text the GIRoA proposed and last month's negative Pakistani media reports regarding APTA. Regardless, he said, the Afghan delegation will focus on what he called the soft issues (aka low-hanging fruit, also his term) in this round. It will seek to confirm that sections of the text the GOP has not objected to are agreed and ask the GOP to explain those areas where it has raised objections. The Minister agreed with EconCouns' point that many of the apparently agreed points in the text were valuable in terms of Afghan interests.

¶2. (SBU) Shahrani expected this second round of talks to be smooth. He welcomed the visit of SRAP and SCA staffers Goodman and Brady at the time of the talks and said the GIRoA had proposed that USG officials be allowed to attend the talks as observers. He said the GOP rejected this request.

¶3. (SBU) Shahrani said after dealing with easier issues, the GIRoA will gradually raise tougher ones, perhaps in subsequent rounds. The difficult issues Shahrani listed and his comments on them follow. He noted that GOP positions on several of these issues represent steps backward from the already inadequate current Transit Trade agreement:

-- Wagha transit corridor. Freer transit trade across Pakistan to India remains the GIRoA's main objective in these negotiations. Under the current Transit Trade agreement, Afghanistan can export to India only with great difficulty and cannot import from India at all. Afghanistan is mostly interested in facilitating its exports to India. The Afghan delegation may bracket that section of the agreement text dealing with Pakistani transit rights to Central Asian states if the GOP does not drop its objection to Wagha.

-- Trucking. The GIRoA is willing to discuss standards issues to accommodate GOP concerns on letting Afghan trucks operate in Pakistan.

-- Re-export to Pakistan of transit goods. This issue raised by Pakistan could be solved by adequate Pakistani control of its

borders.

-- Possible quota on transit goods. The GOP may propose a quantitative limit on the Afghan goods that can transit Pakistan each year, but it has not yet proposed text on this.

-- Dispute resolution. The GOP objects to referring bilateral disputes regarding implementation of the agreement to any third party.

-- International agreements. The GOP objects to most references in the text to international agreements relating to transit trade.

-- National law provisos. GOP insertion of text that would make the agreement "subject to national law" is a step backward. The whole idea of a bilateral agreement is that it supersedes national law or that national law should be amended to conform to such an agreement.

¶4. (SBU) While listing these difficult issues, Shahrani reiterated that the GIROA would take a positive approach to the upcoming negotiations and focus initially on easier issues. EconCouns welcomed that approach as the most productive.

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